

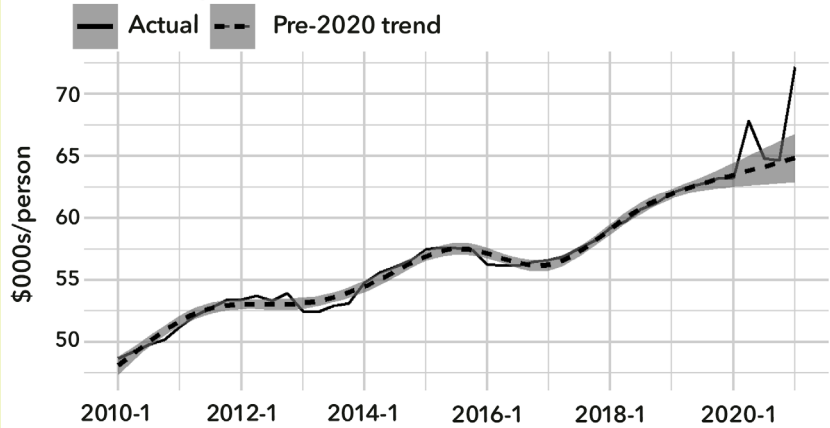
ALASKA'S ECONOMY



Personal incomes exceed pre-pandemic trend

Personal income includes wages and salaries, Social Security and other government benefits, dividends and interest, business ownership, and other sources. Despite the pandemic-induced recession, personal incomes in Alaska are substantially above their pre-pandemic trend. This is due in part to robust income support from federal programs like enhanced unemployment insurance and stimulus payments. High incomes and lower expenditures have led to significant reductions in consumer debt and bolstered savings. These savings could provide a springboard to economic recovery over the next year. ▶

Alaska's personal income per person Quarterly, Q1 2010 - Q1 2021

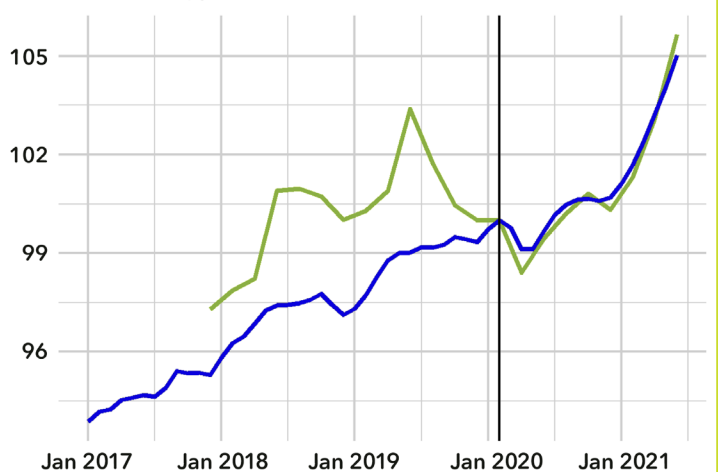


Consumer prices rise on robust goods demand

The Bureau of Labor Statistics' monthly inflation report for June indicated consumer prices in urban Alaska and the U.S. as a whole continued to increase. Consumers have shifted purchasing behavior away from services like restaurants, bars, and theaters and into goods like appliances, home improvements, and vehicles. Manufacturers have struggled to keep pace with this demand, and prices have risen as a result. Supply shortages in semi-conductors have been a major constraint on supply chains for electronics, particularly for automobile manufacturers. ▼

Urban consumer price index

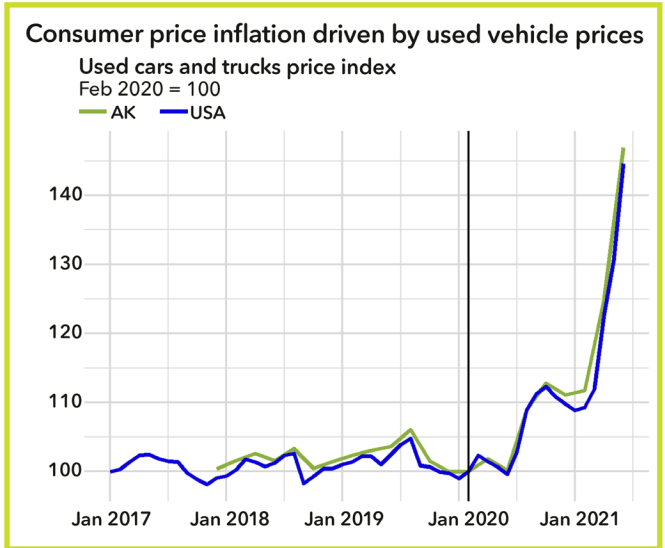
Feb 2020 = 100
— AK — USA





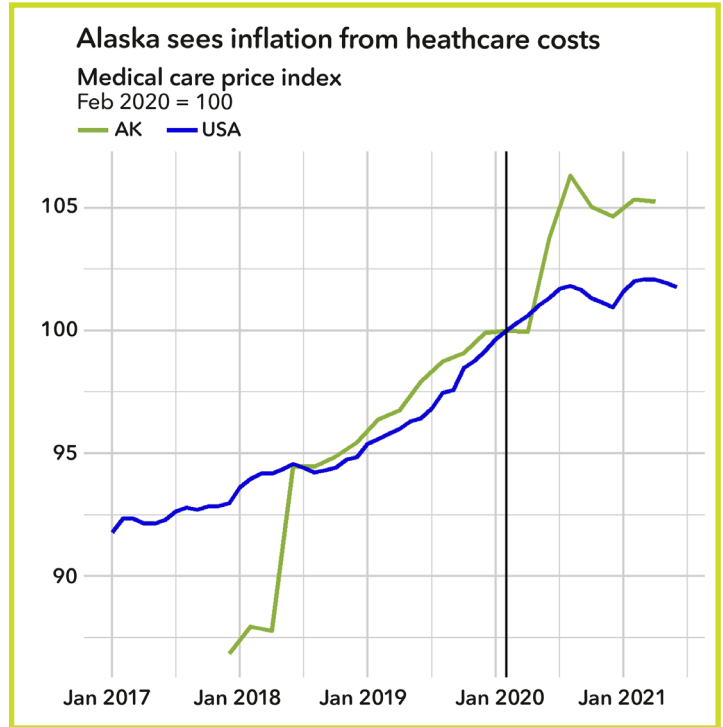
Consumer price inflation driven by used vehicle prices

The Bureau of Labor Statistics' monthly inflation report for June continued to identify the market for used cars and trucks as being a notable reason for nearly 1/3 of the overall increase in the urban consumer price index. Alaska has seen a similar trend in prices for used vehicles since the start of the pandemic. Reports have attributed the rise in used car prices to weariness or lack of public transportation, federal stimulus, a computer chip shortage affecting the production of new vehicles, and rental car agencies holding their vehicle inventory. ▼



Alaska sees inflation from healthcare costs

Compared to other cost categories, the Bureau of Labor Statistics' monthly inflation report for June has shown modest inflation nationally for medical care since the onset of the pandemic. In Alaska, prices rose at the pandemic's onset, but have since remained flat (June data for Alaska is forthcoming). Like many sectors, healthcare has experienced major operational disruptions as elective procedures and dental care have been canceled or postponed. ▼

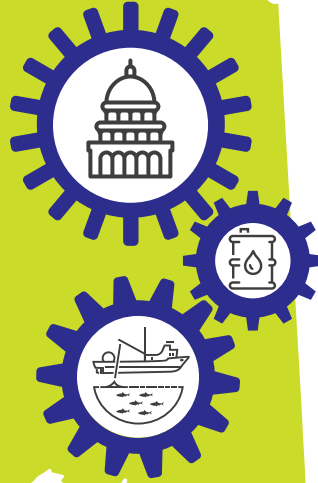


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Did you know...

consumers have shifted their purchasing habits towards appliances, home improvements and vehicles?

Learn more in this issue of *Alaska's Economy*.



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